

Message Text

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ACTION SS-25

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R 021704Z APR 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2345

C O N F I D E N T I A L LISBON 1881

EXDIS

E.O. 11652: GDS

TAGS: EAID, PO

SUBJ: US AID TO PORTUGAL

REF : (A) STATE 73854, (B) STATE 69807

1. I STRONGLY RECOMMEND THAT WE CONTINUE TO MOVE FORWARD WITH AID DISCUSSIONS WITH GOP AS RAPIDLY AS POSSIBLE.

2. UNTIL REF (A) RECEIVED, I HAD INTENDED TO CONTINUE AID TALKS ONCE PRIME MINISTER TOLD US WHO AMONG THE NEW ECONOMIC MINISTERS WOULD BE COORDINATING, A NOMINATION WE EXPECT VERY SOON.

3. IN EFFECT AID TALKS WERE NEVER BROKEN OFF. AS LATE AS LAST FRIDAY (MARCH 28) I DISCUSSED WITH PRIME MINISTER WHO AID COORDINATOR IN NEW GOVERNMENT WOULD BE AND PER REF (B) DISCUSSED HOW BEST TO CHANNEL U.S. ASSISTANCE TO AFRICAN TERRITORIES (SEE LISBON 1792) HE EXPRESSED INTEREST IN MOVING AHEAD WITH AID PROGRAM.

4. I SUBMIT THAT AID THUS FAR HAS BEEN OUR MOST POTENT WEAPON, PRODUCING HIGHLY SUCCESSFUL AND VISIBLE RESULTS. AT THIS JUNCTURE WE SIMPLY CANNOT AFFORD TO TAKE ANY STEPS THAT WOULD INDICATE WE ARE PLAYING AROUND WITH OUR COMMITMENT. ANY APPARENT HEDGING NOW, FOR EXAMPLE, COULD SO ANNOY PRIME MINISTER THAT RELATIONSHIP WE ARE PATIENTLY TRYING TO FOSTER WITH HIM (WITH SOME SUCCESS) WOULD BE SERIOUSLY IMPAIRED.

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PRESIDENT HAS ALSO CONSISTENTLY STRESSED IMPORTANCE OF GOING

AHEAD WITH AID. SINCE HE WAS THE ONE TO FIRST BROACH SUBJECT
IN VISIT TO U.S., HE WOULD ALSO BE THE ONE TO SUFFER GREATEST
LOSS OF PRESTIGE IF WE HESITATED.

5. AS FOR ORDER OF PRIORITIES IN PROJECT CONSIDERATIONS, WE
SHOULD CONTINUE TO FOCUS PRIMARILY ON HOUSING UNTIL GOP GIVES
US SIGNAL THAT IT WOULD PREFER USE RESOURCES ELSEWHERE. YOU
WILL RECALL GOP ORIGINALLY WANTED TO PUT UP TO 10 MILLION
DOLLARS IN HOUSING. THEY MAY WISH TO DO SO AGAIN NOW THAT
WE HAVE MONEY ADDITIONAL TO THE ORIGINAL \$10 MILLION TO WORK
WITH. IN ANY EVENT, FUNDS DESTINED FOR METROPOLITAN PORTUGAL
NOT USED FOR HOUSING CAN BE WELL UTILIZED BY HEALTH, EDUCATION,
SEWAGE, AND POSSIBLY OTHER PROJECTS. MY ORDER OF PRIORITY WOULD
BE (A) OEIRAS HEALTH CENTER, (B) NEW UNIVERSITY OF LISBON,
AND (C) MODULAR SCHOOLS. FINAL ORDERING OF PRIORITIES WILL
OF COURSE BE DETERMINED AFTER CONSULTATION WITH GOP.
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